

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JANUARY 24, 2002

PRESENT: Chairman John Byrne and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Programming Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouses

EXCUSED: Commissioner Anthony Maiola; Craig Bulkley, Bureau Chief of Administrative Services

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Store Sales Reports:

The SA1000 report for the week ending January 20, 2002 compared with January 1, 2001 shows retail sales were up 17.9%, on-premise sales were up .50%, off-premise sales were up almost 11%, and total aggregate sales were up 14%. The customer count was by 16,855, but the average sale was down by \$.87.

The latest W-I Total Weekly Sales report indicates total sales increased by 14.03% or \$596,610 for the week, as they did for the year by 6.8% or \$12,507,375. Wine sales for the week were up 16.8% or \$326,740, and were up on a yearly basis by about 9% or \$7,550,688. Sales of spirits increased for the week by 11.4% or \$270,893, and also increased year-to-date by almost 6% or approximately \$6 million. Reviewing sales for Sunday, January 20, the customer count increased about 2,800 or 41%, total sales were up 30%, work hours were up 5%, and sales per work hour were also up by 24%.

There was nothing of significance to report regarding outstanding depletions and post-offs for the past week.

2. Budget Reports:

The current W-6 Expense Budget Activity Variance Report shows the year is at roughly 56.44% complete, with total agency expenditures sitting at 55.3%.

Accounting is preparing for the deadline for transfer of some of the funds within the budget, one of which is Store Operations.

There are various contracts in progress including Law Warehouse and janitorial services. The first draft of the RFP for credit cards will be

distributed tomorrow. Feedback should be received by mid next week, and the final product put together. Howard mentioned including a state-wide gift card instead of a Commission one.

2. MIS Reports

Work is continuing on the financial contract with Computer Associates (CA) for the new accounting package. Information was presented last week which was evaluated regarding installation of the Beta version of software, which has been in place since September. There are many advantages to this, including the contractor performing the installation at a savings of about \$6,000. There would also be a direct relationship with CA's research and development when implementing the program. The company would also be dedicated to helping fix the program should problems arise. There was some further discussion regarding this. Howard said the program would probably be up and running in late March. George Tsiopras mentioned that he would like to start FY2004 books with this system. DITM has been consulted and voiced no objections.

The Dell contract has been delayed due to problems found by DITM. Susan Lehmann has also said that the contract needs to go back to Treasury. It should be ready for the second Governor and Council meeting in February.

A bid has gone out and quotes received to build the computer closet in IT. The enclosure itself will probably be awarded to Northeast Door. Hansen-Fox will get the air-conditioning portion, and Simplex Grinnell will probably receive the fire suppression system.

Work is continuing on replacement of the bulletin board through the web site. This will facilitate the use of the web site for Commission minutes distribution.

II. MARKETING & SALES REPORTS

1. Store Operations

Referring to the W-8 Sales Analysis by Location report, Peter reported that total store sales rebounded fairly well from the previous week, showing an increase of about \$577,000 or 18.01%. However, he pointed out that Store #67 Hooksett and Store #11 Lebanon did not do very well.

The move to the new location for the Lebanon store is finished, and new displays are being set up. Renovations in Store #66 Hooksett will begin this coming Monday, and will hopefully be a quick process.

**NEW HAMPSHIRE STATE LIQUOR COMMISSION
MINUTES OF MEETING – JANUARY 24, 2002**

Page Three

There will be a Supervisors Meeting next Wednesday, January 30th, from 10:00 a.m. to 2:00 p.m.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve store openings and hours for the President's Day holiday on Monday, February 18, 2002, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2. Warehouse Report

John Bunnell reported that the warehouse is in good shape, with inventory levels down quite a bit.

3. Purchasing Report

As requested by Chairman Byrne at last week's meeting, Nicole has reviewed the list of out of stock wine items and contacted their respective vendors/brokers. She said she would review the list every week as a priority. The list has been cut down by one-half page. A date has been received for receipt of Rodney Strong, and Fetzer products should be in tomorrow. Concha Y Toro is back in stock as is J. Lohr.

4. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Product – Jameson “Gold” Irish Whiskey:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Austin Nichols & Co., Inc., for a new test market product listing for Jameson “Gold” Irish Whiskey, 750ML size (assigned four-digit Code #2511), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Specialty Recommendation – Code #4434:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant a specialty listing to Code #4434, Whalers Great White Rum, 750ML size, which failed to achieve the required gross profit during a six-month test market period, but meets

the criteria for specialty status, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Specialty Recommendation – Code #3473:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant a specialty listing to Code #3473, Juniper Green London Dry Gin, 750ML size, which failed to achieve the required gross profit during a six-month test market period, but meets the criteria for specialty status, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

It was further moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #5877, Ashbourne Irish Cream, 1.75L size, which failed to achieve the required gross profit during a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Jack Daniel's Xmas Decanter:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company to mark down Code #1100, Jack Daniel's Holiday Decanter by 15% (\$3.75 per bottle), to be reduced in retail price effective Monday, January 28, 2002 until all remaining inventory is depleted, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) March Special Offers:

a. 1 item – Richard Colbath/Marque One:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Richard Colbath/Marque One, based upon depletions of one (1) spirit offer, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 3 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of three (3) spirit items, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 18 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H. based upon depletions of eighteen (18) spirit items, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 46 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of forty-six (46) spirit items, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 54 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of fifty-four (54) spirit items, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) Special Offers for March 2002:

- a. 11 items – Pine State Trading Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company, based upon depletions of eleven (11) wine items, to

be featured on sale during March 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 7 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of seven (7) wine items, to be featured on sale during March 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 44 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of forty-four (44) wine items, to be featured on sale during March 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 9 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of nine (9) wine items, to be featured on sale during March 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 35 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of thirty-five (35) wine items, to be featured on sale during March 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Wine Specialty Products:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve three (3) wine items from Connoisseur Wine Company for listing and distribution to wine specialty stores, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted. (Chairman Byrne asked that these products be distributed fairly to the designated stores.)

3) Recommended Allocated & Restricted Wines for Distribution:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve sixteen (16) allocated and restricted wines for distribution to selected stores, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source Submissions (19 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of nineteen (19) wine codes which are not from primary source, but are imported, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

5) Appeals Received – Delistings – Items Not Reaching Gross Profit as of 11/25/01:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission delist from retail stores only one (1) wine item which failed to reach its respective gross profit as of November 25, 2001. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS

None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated January 18 through January 24, 2002. The motion was unanimously adopted.

**NEW HAMPSHIRE STATE LIQUOR COMMISSION
MINUTES OF MEETING – JANUARY 24, 2002**

Page Eight

2. Coupon Approvals: None.

3. Late Items:

a. Tabled Item – Executive Wine March Special Offers:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from Executive Wine & Spirits, based upon depletions of two (2) spirit items, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

John W. Byrne, Chairman

Patricia T. Russell, Commissioner

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NEW HAMPSHIRE STATE LIQUOR COMMISSION
MINUTES OF MEETING – JANUARY 24, 2002

Page Seven